

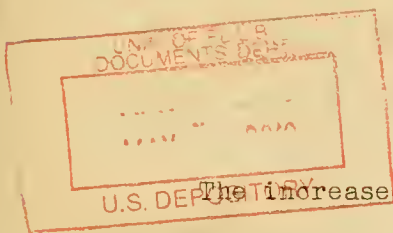
UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
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THE HOG SITUATION

Summary

The increase over a year earlier of nearly 5 million head in the number of hogs on farms January 1 is another indication of the marked upward trend in hog production now in progress. According to the Bureau of Agricultural Economics, this increase in hog numbers will be reflected in considerably larger hog marketings during the period from April through September than in the same period last year. A rather marked seasonal increase in marketings is expected from April through June as the market movement of fall pigs gets underway in large volume.

On the basis of breeding intentions reported by farmers about December 1, it was estimated that the number of sows to farrow in the spring of 1939 would be about 21 percent larger than the number farrowed in the spring of 1938. Since December the ratio between hog prices and corn has continued much above average, and feed supplies generally have been abundant. Consequently, it appears probable that breeding intentions reported in December will be carried out for the most part, and a large increase in the 1939 spring pig crop over that of last year is expected. An increase in the number of pigs raised this spring will mean larger hog marketings next fall and winter.

The continuation of the upward trend in hog production beyond the spring of this year will depend to a considerable extent upon the outturn of feed crops raised in 1939. If the 1939 corn crop is about average, some further expansion in the number of pigs raised is probable in the

fall of this year and perhaps in the spring of 1940. Increases in production beyond present levels, however, may be confined chiefly to the Western Corn Belt, since this is the only important hog producing area where production is now greatly below the average of the 5 years before the 1934 drought.

Prices of hogs rose moderately from mid-January to late February, as hog marketings were seasonally reduced. Some decline in prices, however, occurred in early March. For the week ended March 11, the average price of butcher hogs at Chicago was \$7.75, compared with \$7.20 in mid-January and \$9.45 a year earlier.

REVIEW OF RECENT DEVELOPMENTS

Background.- The number of hogs slaughtered in the 1937-38 marketing year which ended last September was only slightly larger than that of 1936-37. But in the last 5 months (May-September) of the 1937-38 season, slaughter supplies of hogs were considerably larger than those of a year earlier, as was the case in the first 3 months of the current marketing year which began last October. Marketings of hogs increased materially from August through December 1938, and the weekly average price of butcher hogs at Chicago declined from about \$9.65 in late July to about \$7.15 in mid-December.

Hog prices rise in February

Prices of hogs rose moderately from mid-January to late February as marketings were seasonally reduced. The average price of butcher hogs at Chicago advanced from about \$7.20 for the week ended January 14 to about \$8.05 for the week ended February 25. But prices declined slightly during the first 2 weeks of March, and for the week ended March 11 the average price of butcher hogs at Chicago was about \$7.75.

From mid-January to the second week of March last year prices of butcher hogs at Chicago rose about \$1.50, from \$7.90 to \$9.45. The greater rise in prices in February and early March 1938 probably was chiefly the result of the larger decrease in marketings last year than this. The prospect for a considerably larger slaughter during the remainder of the marketing year than a year earlier also may have been a factor tending to prevent a greater seasonal advance in prices than has occurred during the past 2 months.

Marketings seasonally reduced in February

Inspected hog slaughter in February totaled 2,890,000 head, which was about 29 percent smaller than January and only slightly larger than February last year. In the first 3 months (October-December) of the present marketing year inspected slaughter was about 16 percent larger than a year earlier, reflecting the increase in the 1938 spring pig crop over that of 1937. But the proportion of spring pigs marketed in the late summer and early fall of 1938 was larger than usual for that season, and chiefly because of this, slaughter for the 2 months January and February was no larger than a year earlier.

Pork stocks increased seasonally in February; lard stocks reduced

Storage holdings of pork on March 1 were about 3 percent larger than on February 1, but they were 7 percent smaller than on March 1 last year and 16 percent less than the 1933-37 March 1 average. The increase of 17 million pounds in pork stocks from February 1 to March 1 was about equal to the average increase in this period for the 5 years 1933-37, but it was smaller than the increase which occurred from February 1 to March 1 last year.

Storage stocks of lard on March 1 were slightly smaller than on February 1 but they were about equal to the 5-year March 1 average.

At the beginning of the storage season last November stocks of both pork and lard were below average. Since November 1 pork stocks have increased by about the usual amount for this period and lard stocks have increased by more than the usual quantity. But at the beginning of March stocks of pork were the second smallest for that date on record. In view of the larger hog slaughter this winter than last, the relatively small stocks of pork on hand in early March probably reflects a rather weak demand for hog products for storage. An important factor responsible for this weak demand probably is the prospect for a larger slaughter supply of hogs this summer than last.

Storage holdings of pork and lard on the first of the month,
October-March, average 1933-37, 1937-38 and 1938-39

Month	5-year average		1937-38		1938-39	
	1933-37					
	Pork	Lard	Pork	Lard	Pork	Lard
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.
Oct.	415	108	283	73	277	90
Nov.	372	83	266	39	252	68
Dec.	425	80	307	34	299	74
Jan.	560	98	399	54	430	107
Feb.	630	118	554	99	526	132
Mar.	647	125	583	117	<u>1/543</u>	<u>1/125</u>

1/ Preliminary.

Exports of pork and lard increase in January

Exports of lard from the United States in January totaling 28.5 million pounds were much larger than in December, and they were the largest for any month since September 1934. Most of the increase in lard exports from December through January was in the shipments to Great Britain. Although the large export movement reflects in considerable part the increase in lard production over a year earlier, the removal of the duty of 10 percent ad valorem on lard in Great Britain under the new trade agreement between that country and the United States may have been an important factor in the recent increase. This agreement became effective January 1, 1939. After the provisions of the trade agreement were announced in November, it is possible that some shipments of lard were delayed in December in order to take advantage of the removal of the duty in January.

Exports of pork in January totaled 8.4 million pounds, slightly larger than in December and more than 2 million pounds greater than in January last year. About 1.4 million pounds of the increase over a year earlier was in cured pork and approximately 600,000 pounds was in fresh pork.

Imports of pork in January of about 4 million pounds were smaller than in December, but they were slightly larger than in January last year.

Number of hogs on farms on January 1, 1939

The number of hogs on farms on January 1 this year was estimated to be about 49,011,000 head compared with about 44,218,000 head on January 1, 1938. The number at the beginning of 1939 was the largest since January 1, 1934, but it was about 16 percent smaller than the average of the 5 years before the 1934 drought.

The number of hogs on farms at the beginning of this year was greater than a year earlier in all regions, except the Western States, where no change occurred. The largest percentage increases over a year earlier were in the South Central States and in the West North Central States (Western Corn Belt).

A large part of the decrease in hog numbers which resulted from the feed shortages brought about by the droughts of 1934 and 1936 occurred in the Western Corn Belt. Despite the large increase in the Western Corn Belt during the past year, the number in that region on January 1, 1939, was about 36 percent or 10.3 million head less than the 1930-34 average. The level of hog numbers in the Western Corn Belt in the past 5 years has been lower than in any comparable period in the past 30 years.

In the East North Central States (Eastern Corn Belt) the number of hogs on January 1 was about equal to the 1930-34 average, but in the North Atlantic, South Atlantic and South Central regions the number on January 1 was larger than the 1930-34 average.

Hog numbers in the Southern States (South Atlantic and South Central regions) are now at a higher level than for many years. In both southern regions, however, numbers are at a considerably lower level than in the 15 years 1910-34. The accompanying table gives hog numbers on January 1 by regions for the years 1935-39 and 5-year averages for the years 1910 through 1934.

Number of hogs on farms January 1, by regions, averages
1910-34, annual 1935-39

Year	North Central			North	South			
	East	West	Total	Atlan- tic	Atlan- tic	South Central	Western	United States
	Thou- sands	Thou- sands	Thou- sands	Thou- sands	Thou- sands	Thou- sands	Thou- sands	Thou- sands
Average								
1910-14	12,067	19,825	31,892	1,962	5,937	11,317	1,978	53,086
1915-19	13,905	22,962	36,867	2,269	6,551	12,052	2,667	60,406
1920-24	14,706	27,077	41,784	1,889	5,887	10,803	2,604	62,966
1925-29	12,779	28,262	41,041	1,330	4,350	7,750	2,385	56,857
1930-34	12,918	28,562	41,480	1,164	4,373	8,697	2,404	58,118
1935	9,921	14,616	24,537	1,009	4,092	7,716	1,650	39,004
1936	11,069	16,983	28,052	1,094	4,156	7,751	1,784	42,837
1937	11,776	14,674	26,450	1,213	4,669	3,309	2,129	42,770
1938	11,887	15,984	27,871	1,185	4,625	3,374	2,163	44,218
1939 1/	12,732	18,239	30,971	1,250	5,001	9,626	2,163	49,011

1/ Preliminary.

OUTLOOK

Some of the important points in the hog outlook for this year as stated in earlier issues of The Hog Situation were:

1. A further marked increase in the 1939 pig crops is expected. On the basis of breeding intentions reported by farmers about December 1, 1938, it was estimated that the number of sows to farrow in the spring of 1939 would be about 21 percent greater than the number that farrowed in the spring of 1938. If feed crop production is about average this year it is probable that the 1939 fall pig crop also will be larger than that of 1938. It is not unlikely, therefore, that the total pig crops (spring and fall crops combined) this year will be about 80 million head or more, which would be 13 percent greater than the total crop of 1938 and about equal to the 1929-33 average.

2. If the total pig crop in 1939 should be as large as 80 million head, inspected hog slaughter in 1939-40 would total about 46 million head. Such a slaughter would be the largest since 1932-33 and would be about equal to the 1929-33 average.

3. No definite indication of the probable level of hog prices in 1939-40 is now possible, but if hog slaughter in 1939-40 should be about equal to the 1929-33 average, the slaughter would be about 15 percent larger than in 1938-39 and nearly 35 percent greater than in 1937-38. If supplies should be this large in 1939-40, hog prices in that year would average lower than in the present year unless consumer demand for meats and national income should increase materially.

The prospects for hog production and slaughter have not changed in the past 2 months from the indications given in the foregoing paragraphs. Developments since December have been favorable for a rather large increase in the 1939 spring pig crop. The ratio between hog prices and corn prices has been much above average throughout this winter, and feed supplies generally have been abundant. Consequently, it is expected that, for the most part, the indication of a material increase in the number of sows to farrow this spring will be realized.

Supplies for the remainder of 1938-39

The increase over a year earlier of nearly 5 million head in the number of hogs on farms on January 1, is another indication of the marked upward trend in hog production. As hogs on farms January 1 are chiefly spring and fall pigs, which will be marketed by the end of the summer, and breeding sows, larger numbers of which also will be marketed in the summer, it is apparent that hog slaughter from January through September 1939 will be materially larger than in the corresponding period last year.

On the basis of the average relationship between changes in hog numbers on January 1 and changes in the January-September inspected hog slaughter, the latter probably will total about 28 million head this year. As slaughter in the period from October through December was 11.6 million head, it seems probable that total inspected hog slaughter for the 1938-39 marketing year which began last October will be around 40 million head. This indication is the same as that given in the January issue of The Hog Situation which was based largely on the estimated increase in the 1938 pig crop over that of 1937.

April-September hog marketings larger

As already indicated, slaughter from January through September this year probably will total around 28 million head. In the January-September period of 1938 inspected slaughter was 24.6 million head. Total slaughter in January and February and perhaps March of this year was no larger than a year earlier. Hence, practically all the increase over last year is expected to occur from April through September. Such a large increase over a year earlier after March probably will mean a rather material seasonal increase in hog marketings during the period from April through June. This increase will reflect mostly the increased market movement of fall pigs. The fall pig crop last year was about 18 percent greater than that of 1937, and it represented a relatively large proportion of the total yearly pig crop.

Prices of hogs and hog products, specified periods

Item	Unit					Oct. - Sept.		Oct. - Feb.		
		Feb.	Jan.	Feb.	Average:					
		1938:	1939:	1939:	1928-29:	1936-:	1937-:	1937-:	1938-	
					to	37	38	38	39	
				1932-33:						
		Dollars								
Average price:		per 100								
Seven markets.....	pounds	8.16	7.21	7.63	<u>1/</u>	10.28	8.33	8.39	7.45	
Chicago.....	do	8.33	7.30	7.77	6.99	10.49	8.47	8.56	7.56	
U.S. average price										
received by farmers....	do	7.74	6.96	7.21	6.48	9.66	8.07	8.18	7.12	
Prices of hog products,										
Chicago:										
Loins, 8-10 lb.....	do	16.95	14.76	17.50	17.07	22.28	19.68	17.77	16.14	
Hams, smoked, reg.										
No. 1, 10-12 lb.....	do	23.38	21.38	22.12	20.31	24.65	23.56	23.74	21.62	
Bacon, smoked, No.1										
dry cured, 6-8 lb....	do	27.38	21.50	22.12	23.71	28.58	26.99	28.84	22.21	
Lard, refined										
H.W. tubs.....	do	10.06	7.72	7.54	9.68	13.13	9.90	10.66	8.01	
Average price of No. 3		cents								
yellow corn, Chicago...	per lb:	57	52	48	62	115	57	58	48	
Hog-corn price ratio: <u>2/</u>										
Chicago.....	Bushel:	14.6	14.2	16.2	11.6	9.2	14.8	14.7	15.8	
North Central States...	do	16.8	17.4	18.8	12.9	9.4	17.6	17.5	18.6	
Proportion of packing										
sows in total packer										
and shipper purchases,	Per-									
seven markets <u>3/</u>	cent	3.0	4.0	4.0	<u>1/</u>	15.0	13.0	7.0	6.0	
Average weight at seven										
markets	Pound	239	244	245	<u>1/</u>	231	246	235	235	

1/ Not available.2/ Number of bushels of corn equivalent in value to 100 pounds of live hogs.3/ Monthly figures computed from weekly averages.

Supplies of hogs and hog products, specified periods

Item	Unit				Oct. - Sept.			Oct. - Jan.	
		Jan.	Dec.	Jan.	Average:				
		1938	1938	1939	1928-29:	1936-	1937-	1937-	1938-
					to	37	38	38	39
					1932-33:				
Hog slaughter under									
Federal inspection									
Number	Thou-								
slaughtered ^{1/}	sands	4,201	4,346	4,043	46,363	34,142	34,580	14,165	15,613
Live weight:									
Average.....	Pound	234	230	235	231	221	234	229	228
Total.....	Mil.lb.	983	1,002	951	10,723	7,538	8,089	3,240	3,559
Dressed weight:									
Average.....	Pound	177	174	177	175	164	175	171	170
Total.....	Mil.lb.	742	757	715	8,069	5,586	6,046	2,424	2,655
Yield of lard per									
100 pounds live									
weight of hogs....	Pound	12.9	13.5	14.0	15.2	10.9	12.4	11.6	13.0
Production of lard:	Mil.lb.	127	135	133	1,630	833	1,002	383	463
Apparent cons.:									
Pork, including									
lard ^{2/}	do	518	570	563	7,171	5,601	5,795	2,039	2,262
Lard.....	do	60	83	79	961	756	777	276	336
Exports: ^{3/}									
Pork.....	do	6	8	8	211	59	89	26	35
Lard.....	do	20	19	29	657	107	208	80	85
Imports of pork ^{3/} ...	do	4	5	4	6	72	57	20	16
Proportion of sows									
in inspected									
slaughter ^{4/}	Percent	45.4	42.9	43.4	51.2	51.1	49.9	47.5	44.3

^{1/} Bureau of Animal Industry.

^{2/} Represents apparent disappearance of federally inspected pork plus unrendered hog fats.

^{3/} United States Department of Commerce. Pork includes bacon, hams and shoulders, and fresh, canned, and pickled pork. Lard includes neutral lard.

^{4/} Includes gilts.

PRICES OF MEDIUM AND HEAVY HOGS AT CHICAGO, AVERAGE 1930-35, AND 1937-38

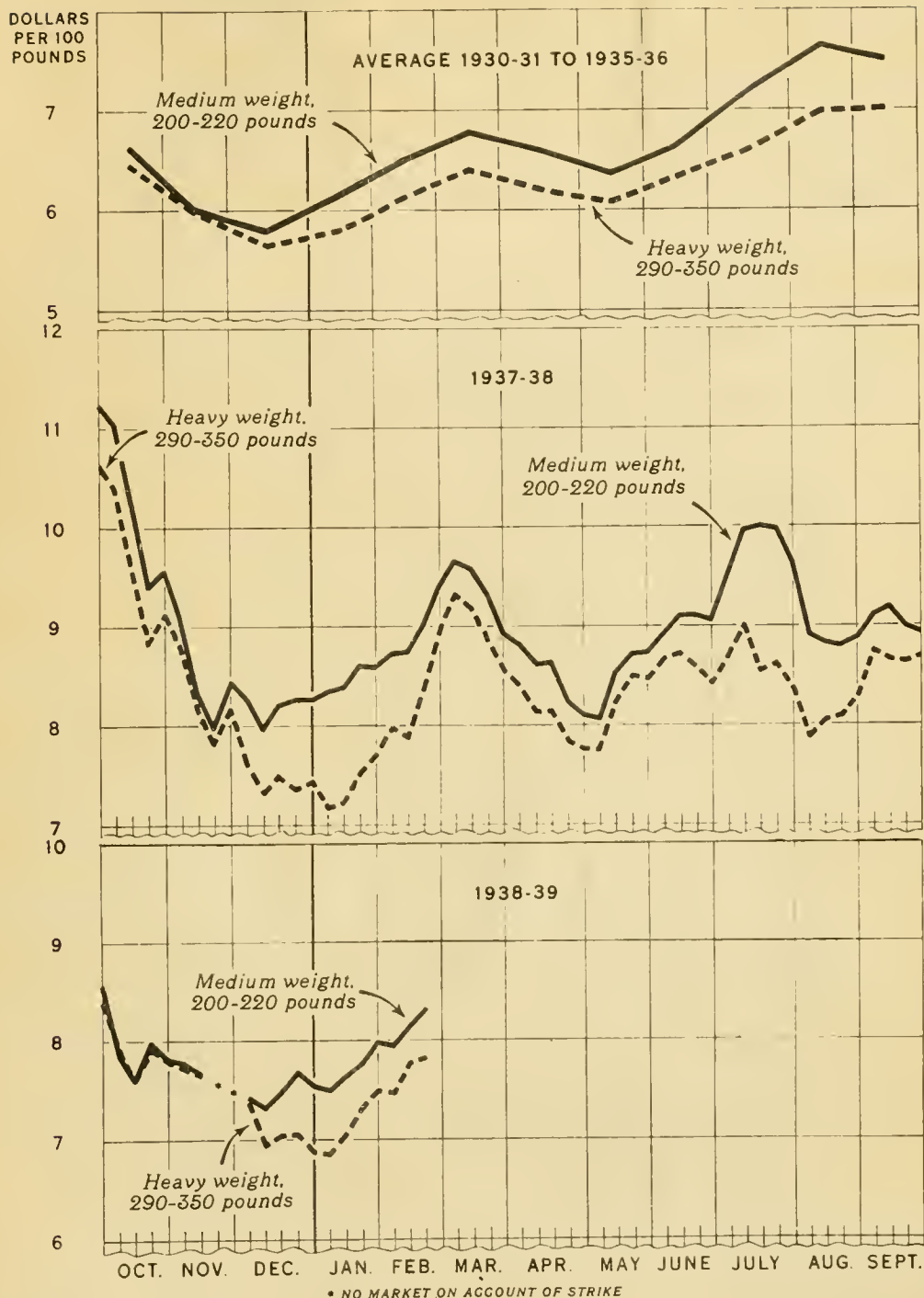
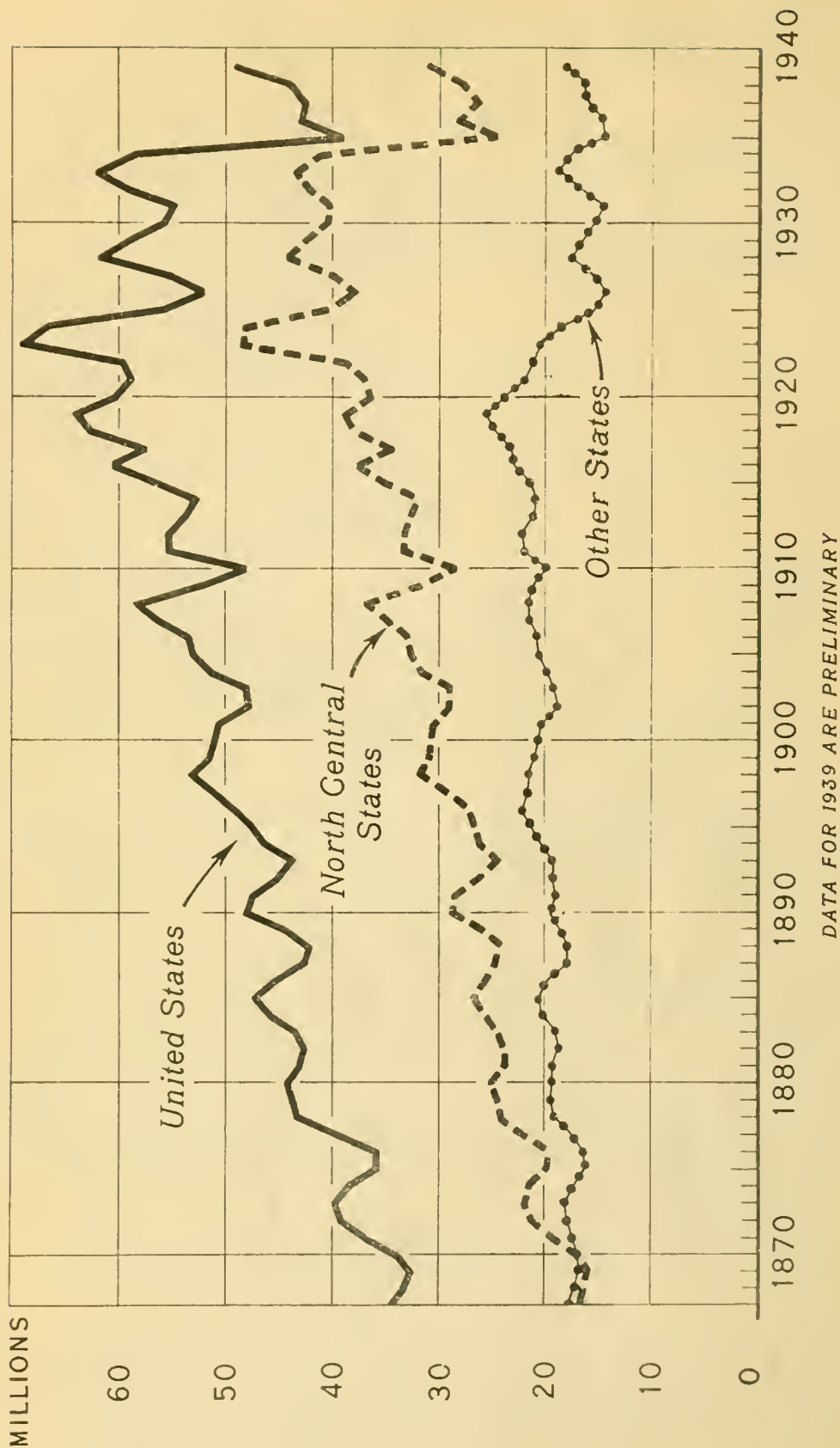


FIGURE 1.- THE SPREAD BETWEEN PRICES OF MEDIUM AND HEAVY HOGS WAS VERY NARROW IN OCTOBER AND NOVEMBER 1938. SINCE EARLY DECEMBER IT HAS WIDENED SOMEWHAT, BUT IN JANUARY AND FEBRUARY 1939 WAS NO GREATER THAN AVERAGE FOR THAT TIME OF YEAR. THIS IS IN MARKED CONTRAST TO THE SITUATION PREVAILING LAST WINTER, WHEN MEDIUM HOGS OUTSOLD HEAVY HOGS BY MORE THAN THE USUAL AMOUNT.

HOGS: NUMBER ON FARMS JANUARY 1, 1867-1939



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FIGURE 2.- THE NUMBER OF HOGS ON FARMS ON JANUARY 1, 1939, WAS THE LARGEST SINCE 1934, BUT IT WAS ABOUT 16 PERCENT SMALLER THAN THE 1930-34 AVERAGE. HOG NUMBERS WERE REDUCED SHARPLY IN 1935 FOLLOWING THE DROUGHT OF 1934. THE RECOVERY IN NUMBERS IN THE PAST 2 YEARS REFLECTS CHIEFLY THE LARGE FEED CROPS PRODUCED IN 1937 AND 1938.